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IDAHO PUBLIC  
UTILITIES COMMISSION

Attorney for Idaho Power Company

Street Address for Express Mail:

1221 West Idaho Street  
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE	)	
APPLICATION OF IDAHO POWER	)	CASE NO. IPC-E-04- <u>27</u>
COMPANY FOR AUTHORITY TO	)	
IMPLEMENT A RESIDENTIAL AIR	)	APPLICATION
CONDITIONER CYCLING PROGRAM	)	
_____	)	

On December 23, 2002, Idaho Power Company ("Idaho Power" or "the Company") filed an Application with the Idaho Public Utilities Commission ("Commission") requesting authorization to institute the AC Cycling Pilot Program ("Pilot Program"). On March 17, 2003, the Commission issued Order No. 29207 granting the Company's request (reference Case No. IPC-E-02-13). Under the provisions of the optional, voluntary Pilot Program, residential customers ("Customers") in the cities of Boise and Meridian permitted the Company to cycle their central air conditioners in exchange for a monetary incentive and, for some Customers, an intelligent programmable thermostat. The Pilot Program expired on October 31, 2004. However, based on the success of the Pilot Program and on the selected portfolio in the

Company's most recent Integrated Resource Plan ("IRP"), Idaho Power herewith applies to the Commission for authority to implement an expanded Residential Air Conditioner Cycling Program ("AC Cycling Program" or "Program") by modifying Tariff Schedule 81. In support of the Application, Idaho Power submits the following:

**I.**

**INTRODUCTION**

The purpose of the proposed Program is to reduce the Company's system summer peak during peak weekday hours during the summer months of June, July and August. The AC Cycling Program is an optional, supplemental service that allows participating Customers an opportunity to voluntarily permit the Company to cycle their central air conditioners with the use of a direct load control device ("Device") installed behind the Customer's meter. In exchange for allowing the Company to cycle the central air conditioner, participating Customers will receive a monthly monetary incentive. Idaho Power is making this filing with the Commission because the method under which the Company provides electrical service will change for those residential Customers participating in the AC Cycling Program.

In Idaho Power's 2004 IRP, the Company identifies the AC Cycling Program as a cost-effective demand-side resource and selected the Program to be included in the Company's final IRP resource portfolio. Air conditioning is one of the major loads contributing to summer peak demands. The value of the AC Cycling Program is its ability to target load reduction at the end-use that is significantly impacting the Company's summer peak. This Program is a dispatchable direct load

control program that attempts to manage capacity, not energy. Utilization of this load control program will be similar to dispatch of a peaking generation resource.

## **II.**

### **Pilot Program Findings**

The operation of the Pilot Program for a two-year period has provided valuable information that contributed to the design of the proposed Program.

The Company contracted with Summit Blue Consulting, LLC ("Summit Blue") to evaluate the potential load reduction impacts associated with the operation of the Pilot Program. The evaluation showed that air conditioner cycling ("AC Cycling") resulted in observable load reduction impacts over June, July and August ("Air Conditioning Season"). Furthermore, the evaluation provided the Company with an estimate of the average kilowatt (kW) of load reduction that resulted from AC Cycling.

Summit Blue provided the Company with load reduction estimates that ranged depending upon the outside ambient air temperature ("Temperature") during AC Cycling. The results showed that for days when the Temperature was at least 95 degrees Fahrenheit or greater, the average load reduction per Customer was 1.11 kW. Since 1950, there has been an average of twenty days over the Air Conditioning Season in the Treasure Valley area in which the Temperature was at least 95 degrees Fahrenheit or above.

Based on these data, by targeting 95-degree days, the Company can expect a load reduction of 1.11 kW per Customer an average of 80 hours (4 hours/day x 20 days) during the Air Conditioning Season. The analysis shows that the Company needs the opportunity to conduct AC Cycling over at least 120 hours each Air

Conditioning Season in order to achieve a long-run average of 80 operable hours per year.

The evaluation also confirmed the Company's original assumption that, under its proposed design, the Program does not result in a net effect on energy consumption for participating Customers. The Summit Blue evaluation served as the basis for the cost-effectiveness analysis and ultimately the overall program design.

### **III.**

#### **PROGRAM DESCRIPTION**

The AC Cycling Program will be a voluntary program offered to residential Customers taking service under Schedule 1. The Program will be offered to Customers in Ada and Canyon counties and in the city of Emmett where the Company has installed Advanced Meter Reading ("AMR") capability. By including Emmett in the Program, the Company will be able to evaluate synergies or economies of scope that may occur by coupling the Program and AMR capability.

Participants will receive a financial incentive for each month during the Air Conditioning Season (June, July and August) that they successfully participate in the Program. The Company proposes an incentive of \$7/month that would be included as a credit on the Customers' monthly bills beginning with their July bill and ending with their September bill. Customers who begin participation in the Program during the Air Conditioning Season must be effectively participating in the Program prior to the 20th day of the month in order to receive an incentive payment for that initial month. Each participant will be permitted to temporarily "opt out" of the Program for one day each

month after providing Idaho Power with advanced notification. There would be no penalty for terminating participation at any time during the Program.

Service under this schedule may be limited based upon the availability of Program equipment and/or funding. The Company reserves the right to select and reject Program participants at its sole discretion based on criteria the Company considers necessary to ensure the effective operation of the Program. Selection criteria may include, but will not be limited to, energy usage, residential location, size of home or other factors. In order to participate, a Customer's central air conditioning equipment must be fully functional and comply with the National Electric Code (NEC) standards. Customers who are renting or leasing their homes must provide the Company written proof of the express permission of the owner of the central air conditioning system prior to acceptance into the Program.

The Company will send a signal to the Device to initiate a Cycling Event. A Cycling Event may be up to four hours per day on any weekday during the Air Conditioning Season. A Cycling Event may occur over a continuous 4-hour period or may be segmented throughout the day at the Company's discretion in order to optimize available resources. Cycling Events may occur up to 40 hours each month and will not exceed a total of 120 hours per Air Conditioning Season. Mass memory meters or end-use meters will be installed on some Customers' residences or central air conditioning units for program evaluation purposes. The residences or central air conditioning units selected for installation of the meter will be at the Company's sole discretion.

### III.

#### ACCOUNTING

In order to meet the resource objectives of the IRP, the Company plans to ramp up to a fully implemented program level within five years. During the first five years of the Program, a larger percentage of the annual program costs will be directed toward Program equipment purchases and installations. The annual Program costs over the first five years of the Program are expected to average approximately \$2.2 million. The annual Program cost of the fully implemented Program, as currently designed, will be approximately \$1.5 million. The fully implemented Program costs are expected to be incurred according to the following percentages:

- Administration and Promotion 16%
- Capital Equipment and Installation 30%
- Incentives Paid to Customers 54%

The AC Cycling Program was reviewed with the Energy Efficiency Advisory Group (EEAG) at its October 20 meeting. In general, the EEAG supported implementation of the Program. The Company intends to use Energy Efficiency Rider funds, collected under Idaho Power's Schedule 91, to finance this Program.

### IV.

#### Cost-Effectiveness Analysis

The Company conducted an analysis of the cost-effectiveness of the Program based on the Pilot Program findings. The analysis yielded a benefit-cost ratio of 1.07 by the 10th year of operation and a ratio of 1.42 over a 30-year operation period. These ratios were calculated using the Utility Cost Test perspective. According to these

ratios, the Program benefits are expected to exceed program costs in by the tenth year of operation.

The Program benefit in this analysis was based on the avoided supply cost of a simple-cycle combustion turbine. The estimated program load reduction, based on the Summit Blue findings, was applied to the avoided supply costs on a per kW basis to calculate the Program benefit. The Program benefit and costs were discounted by the Company's weighted-average cost of capital used for resource acquisition analysis to create the ratios stated above. This analysis method is the same as that utilized in evaluating this Program for inclusion in the 2004 IRP.

## **V.**

### **TARIFFS**

Attachment No. 1 to this Application is a copy of Idaho Power's proposed Schedule 81 both in "final" and "legislative" format.

## **VI.**

### **MODIFIED PROCEDURE**

The Company believes that consideration by the Commission of the proposals contained in this Application does not require an evidentiary proceeding and, accordingly, the Company requests that this Application be processed under RP 201 allowing for consideration of issues under modified procedure, i.e., by written submissions rather than by an evidentiary hearing.

**VII.**

**NOTICES**

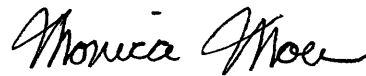
Communications with reference to this Application should be sent to the following:

Monica Moen  
Idaho Power Company  
P. O. Box 70  
Boise, Idaho 83707

Timothy Tatum  
Idaho Power Company  
P. O. Box 70  
Boise, Idaho 83707

WHEREFORE, Idaho Power respectfully requests that the Commission approve the attached proposed Tariff Schedule 81.

DATED this 15<sup>th</sup> day of November 2004.



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MONICA MOEN  
Attorney for Idaho Power Company



# **ATTACHMENT 1**

SCHEDULE 81  
RESIDENTIAL AIR CONDITIONER  
CYCLING PROGRAM  
(OPTIONAL)

PURPOSE

The Residential Air Conditioner Cycling Program is an optional, supplemental service that permits participating residential Customers an opportunity to voluntarily allow the Company to cycle their central air conditioners with the use of a direct load control Device installed at their residence. Customers will receive a monthly monetary incentive for successfully participating in the Program during the Air Conditioning Season.

DEFINITIONS

AC Cycling is the effect of the Company sending a signal to a Device installed at the Customer's residence and instructing it to cycle the Central Air Conditioning compressor for a specified length of time.

Air Conditioning Season is the three-month period that commences on June 1 and continues through August 31 of each calendar year.

Central Air Conditioning is a home cooling system that is controlled by one or more centrally located thermostats that controls one or more refrigerated air-cooling units located outside the Customer's residence.

Cycling Event is a period during which the Company sends a signal to the Device installed at the Customer's residence, which instructs the Device to begin AC Cycling.

Device is a direct load control device installed at a Customer's residence that enables the Company to initiate AC Cycling.

Notification refers to the Customer's indication of intent to initiate or terminate participation in the Program by either contacting the Company's Customer Service Center, providing written notice or submitting an electronic Application via the Company's website.

Opt Out is the term used to describe the one-day per month during each month of the Air Conditioning Season in which the Customer may choose to temporarily not participate in AC Cycling by providing advanced Notification to the Company.

Program Operation Area describes the area in which the Program will be offered to Customers and is comprised of the entire counties of Ada and Canyon and the Emmett area as defined by the Company.

SCHEDULE 81  
RESIDENTIAL AIR CONDITIONER  
CYCLING PROGRAM  
(OPTIONAL)  
(Continued)

AVAILABILITY

Service under this schedule is available on an optional basis to Customers taking service under Schedule 1 who have Central Air Conditioning located at their residences and live within the Program Operation Area. Customers may request to be added to the Program at any time during the year by providing Notification to the Company.

Service under this schedule may be limited based upon the availability of Program equipment and/or funding. The Company shall have the right to select and reject Program participants at its sole discretion based on criteria the Company considers necessary to ensure the effective operation of the Program. Selection criteria may include, but will not be limited to, energy usage, residential location, size of home, or other factors. Customers' Central Air Conditioning equipment must be fully functional and comply with the National Electric Code (NEC) standards. Customers who are renting or leasing their home must provide to the Company written proof of the express permission of the owner of the Central Air Conditioning system prior to acceptance into the program.

TERMS AND CONDITIONS

Upon acceptance into the Program Customers will be subject to the following terms and conditions:

1. Each eligible Customer who chooses to take service under this optional schedule is thereby giving the Company or its representative permission, on reasonable notice, to enter the Customer's residence or property to install a Device and, in certain cases, either a mass memory meter or an end use meter and to allow Idaho Power or its representative, with prior notice to the Customer, reasonable access to the Device or other Program-related equipment following its installation.
2. Customers added to the Program during the Air Conditioning Season must be effectively participating in the Program prior to the 20<sup>th</sup> day of the month in order to receive an incentive payment for that initial month.
3. A Customer may Opt Out of the Program for one day per month during each month of the Air Conditioning Season.
4. A Customer may discontinue participation in the Program without penalty by providing Notification to the Company.
5. If there is evidence of alteration, tampering, or otherwise interfering with the Company's ability to initiate a Cycling Event, the Customer's participation in the Program will be terminated and the Customer will be required to reimburse the Company for the cost of replacement or repair of the Device or other Program equipment and the Company will reverse any amounts credited to the Customer's bills during the past twelve months as a result of the Customer's participation in the Program.

SCHEDULE 81  
RESIDENTIAL AIR CONDITIONER  
CYCLING PROGRAM  
(OPTIONAL)  
(Continued)

PROGRAM DESCRIPTION

1. At the Company's expense, the Company or its representative will install a Device at the Customer's residence.

2. A financial incentive of \$7.00 per month for each of the three months of the Air Conditioning Season will be paid to each Customer who successfully participates in the Program. This incentive will be paid in the form of a credit on the Customer's monthly bill for each month that the Customer successfully participates in the Program, beginning with the July bill and ending with the September bill. Incentive payments are limited to one controlled Central Air Conditioning unit per metered service point. Customer's who have more than one Central Air Conditioning unit at a metered service point may participate in the Program. A Device must be installed at each Central Air Conditioning unit. However, no additional incentive will be paid.

3. The Company will send a signal to the Device to initiate a Cycling Event. A Cycling Event may be up to four hours per day on any weekday during the Air Conditioning Season. A Cycling Event may occur over a continuous 4-hour period or may be segmented throughout the day at the Company's discretion in order to optimize available resources. Cycling Events may occur up to 40 hours each month and will not exceed a total of 120 hours per Air Conditioning Season. Mass memory meters or end-use meters may be installed on some Customers' residences or Central Air Conditioning units for program evaluation purposes. The residences or Central Air Conditioning units selected for installation of the meter shall be at the Company's sole discretion.

SPECIAL CONDITIONS

The Company is not responsible for any consequential, incidental, punitive, exemplary or indirect damage to the participating Customer or third parties that results from AC Cycling, from the Customer's participation in the Program, or of Customer's efforts to reduce peak energy use while participating in the Program.

The Company makes no warranty of merchantability or fitness for a particular purpose with respect to the Device and any and all implied warranties are disclaimed.

The Company shall have the right to select the AC Cycling schedule and the percentage of Customers' Central Air Conditioning systems to cycle at any one time, up to 100%, at its sole discretion.

The provisions of this schedule do not apply for any time period that the Company interrupts the Customer's load for a system emergency or any other time that a Customer's service is interrupted by events outside the control of the Company. The provisions of this schedule will not affect the calculation or rate of the regular Service or Energy Charges associated with a Customer's standard service schedule.

SCHEDULE 81  
RESIDENTIAL AIR CONDITIONER  
CYCLING  
PILOT PROGRAM  
(OPTIONAL)

PURPOSE

The Residential Air Conditioner Cycling ~~Pilot Program~~ is an optional, supplemental service that permits participating residential Customers an opportunity to voluntarily allow the Company to cycle their central air conditioners with the use of either an intelligent programmable thermostat or a direct load control switch Device installed at their residence. ~~Participants~~ Customers will receive a monthly monetary incentive for successfully participating in the Program during the Air Conditioning Season. ~~The Program is a two-year dispatchable load control program that will expire on September 30, 2004, unless extended by the Company.~~

DEFINITIONS

AC Cycling is the effect of the Company sending a signal to a Device ~~the intelligent programmable thermostat installed in at~~ the Customer's residence and instructing it to cycle the Central Air Conditioning compressor for a specified length of time, ~~on a percentage basis, to cycle the Central Air Conditioning compressor until a specified temperature change is attained, or to change the temperature set point on the thermostat for a specified length of time.~~ In the case of the direct load control switches, the AC Cycling is the effect of the Company sending a signal to the Switch to instruct the Central Air Conditioning compressor to cycle for a specified length of time on a percentage basis.

Agreement is ~~either the Uniform Residential Thermostat Air Conditioner Cycling Service Agreement or the Uniform Residential Switch Air Conditioner Cycling Service Agreement.~~

Air Conditioning Season is the three-month period that commences on June 1 and continues through August 31 of each calendar year. ~~Program Year.~~

Central Air Conditioning is a home cooling system that is controlled by one or more centrally located thermostats that controls one or more refrigerated air-cooling units located outside the home Customer's residence.

Cycling Event is a period during which the Company sends a signal to ~~the intelligent programmable thermostat or the Switch~~ Device installed at the Customer's residence, which instructs the thermostat ~~or the Switch~~ Device to begin AC Cycling.

Device is a direct load control device installed at a Customer's residence that enables the Company to initiate AC Cycling.

First Program Year is the period of June 1, 2003 through August 31, 2003.

Notification refers to the Customer's indication of intent to initiate or terminate participation in the Program by either contacting the Company's Customer Service Center, providing written notice or submitting an electronic Application via the Company's website.

Opt Out is the term used to describe the one-day per month during each month of the Air Conditioning Season in which the Customer, ~~with prior notice to the Company,~~ may choose to temporarily not participate in AC Cycling by providing advanced Notification to the Company.

Idaho Power Company

I.P.U.C. No. 27, Tariff No. 101

Original Sheet No. 81-1

Second Program Year is the period of June 1, 2004 through August 31, 2004.

SCHEDULE 81  
RESIDENTIAL AIR CONDITIONER  
CYCLING  
PILOT PROGRAM  
(OPTIONAL)  
(Continued)

DEFINITIONS (Continued)

Program Operation Area describes the area in which the Program will be offered to Customers and is comprised of the entire counties of Ada and Canyon and the Emmett area as defined by the Company.

Switch is a direct load control switch installed on a Customer's air conditioning unit.

Termination Date is 12:00 midnight on September 30, 2004.

AVAILABILITY

Service under this schedule is available on an optional basis to Customers taking service under Schedule 1. Customers who are homeowners, have Central Air Conditioning located at their residences and live within the Program Operation Area, the city limits of Boise or Meridian. Customers may request to be added to the Program at any time during the year by providing Notification to the Company. Each eligible Customer who chooses to take service under this optional schedule is required to enter into an Agreement with the Company prior to being served under this schedule. The Agreement will include giving the Company or its representative permission on reasonable notice to enter the Customer's residence or property to install either an intelligent programmable thermostat or a Switch and, in certain cases, either a mass memory meter or an end use meter and to allow Idaho Power or its representative, with prior notice to the Customer, reasonable access to the thermostat following its installation.

Service under this schedule may be limited based upon the availability of Program equipment and/or funding, to no more than two hundred Customers during the First Program Year and no more than five hundred Customers during the Second Program Year. The Company shall have the right to select and reject Program participants at its sole discretion based on criteria the Company considers necessary to ensure the effective operation of the Program. Selection criteria may include, but will not be limited to, The Company may choose to solicit Customers for participation based on Customers' energy usage, residential location, size of home, or other factors. Customers' Central Air Conditioning equipment must be fully functional and comply with the National Electric Code (NEC) standards. Customers who are renting or leasing their home must provide to the Company written proof of the express permission of the owner of the Central Air Conditioning system prior to acceptance into the program.

aimed at creating a diverse population for the Program. The Company may also choose to solicit participants to fill any vacancies caused by attrition in order to maintain the participation objectives. The Company retains the sole right to select and reject the participants under this schedule.

TERMS AND CONDITIONS OF AGREEMENT AND TERMINATION

~~The term of the Agreement for service under this schedule shall commence on the date the Agreement is signed and shall terminate on the Termination Date unless otherwise terminated as follows~~  
Upon acceptance into the Program Customers will be subject to the following terms and conditions:

1. Each eligible Customer who chooses to take service under this optional schedule is thereby giving the Company or its representative permission, on reasonable notice, to enter the Customer's residence or property to install a Device and, in certain cases, either a mass memory meter or an end use meter and to allow Idaho Power or its representative, with prior notice to the Customer, reasonable access to the Device or other Program-related equipment following its installation.
2. Customers added to the Program during the Air Conditioning Season must be effectively participating in the Program prior to the 20<sup>th</sup> day of the month in order to receive an incentive payment for that initial month.
3. A Customer may Opt Out of the Program for one day per month during each month of the Air Conditioning Season.
4. A Customer may discontinue participation in the Program without penalty by providing Notification to the Company.

∴

1. A Customer participating in the Program for at least one complete Air Conditioning Season may terminate the Agreement without penalty by notifying the Company in writing.

2. In the case of the thermostat, a Customer who terminates the Agreement prior to satisfactorily participating in the Program for a minimum of one complete Air Conditioning Season shall either (1) return the intelligent programmable thermostat to the Company in working order within ten days from the time the Company receives written notice of the Customer's termination of the Agreement or (2) pay the Company the sum of \$100.00, which sum will be included on the Customer's Idaho Power Bill.



SCHEDULE 81  
RESIDENTIAL AIR CONDITIONER  
CYCLING  
PILOT PROGRAM  
(OPTIONAL)  
(Continued)

TERM-TERMS AND CONDITIONS OF AGREEMENT AND TERMINATION (Continued)

3. In the case of the Switch, a Customer who terminates the Agreement prior to satisfactorily participating in the Program for a minimum of one complete Air Conditioning Season shall allow the Company or its representative access to the Customer's premises to remove the Switch.

5. If there is evidence of alteration, tampering, or otherwise interfering with the Company's ability to initiate a Cycling Event, the Customer's participation in the Program will be terminated and the Customer will be required to reimburse the Company for the cost of replacement or repair of the Device or other Program equipment and the Company will reverse any amounts credited to the Customer's bills during the past twelve months as a result of the Customer's participation in the Program.

PROGRAM DESCRIPTION

1. At the Company's expense, the Company or its representative will ~~uninstall the Customer's existing thermostat and install an intelligent programmable thermostat in the Customer's residence or will install a SwitchDevice on the Customer's air conditioning unit at the Customer's residence.~~ The Company or its representative will set the initial program on the thermostat.

2. A financial incentive of \$407.00 per month for each of the three months of the Air Conditioning Season will be paid to each Customer who successfully participates in the Program. This incentive will be paid in the form of a credit on the Customer's monthly bill for each month that the Customer successfully participates in the Program, beginning with the July bill and ending with the September bill. Incentive payments are limited to one controlled Central Air Conditioning unit per

5. ~~If there is evidence of alteration, tampering, or otherwise interfering with the Company's ability to initiate a Cycling Event, the Customer will be required to reimburse the Company for the cost of replacement or repair of the intelligent programmable thermostat or the Switch and the Company will reverse any amounts credited to the Customer's bills during the past twelve months as a result of the Customer's participation in the Program.~~

SCHEDULE 81  
RESIDENTIAL AIR CONDITIONER  
CYCLING  
PILOT PROGRAM  
(OPTIONAL)  
(Continued)

SPECIAL CONDITIONS

The Company is not responsible for any consequential, incidental, punitive, exemplary or indirect damage to the participating Customer or third parties that results from AC Cycling, from the Customer's participation in the Program, or of Customer's efforts to reduce peak energy use while participating in the Program.

The Company makes no warranty of merchantability or fitness for a particular purpose with respect to the ~~intelligent programmable thermostat~~ Device and any and all implied warranties are disclaimed.

The Company shall have the right to select the AC Cycling schedule and the percentage of Customers' Central Air Conditioning systems to cycle at any one time, up to 100%, at its sole discretion.

The provisions of this schedule do not apply for any time period that the Company interrupts the Customer's load for a system emergency or any other time that a Customer's service is interrupted by events outside the control of the Company. The provisions of this schedule will not affect the calculation or rate of the regular ~~Customer Service~~ or Energy Charges associated with a Customer's standard service schedule.

SCHEDULE 81  
RESIDENTIAL AIR-CONDITIONER  
CYCLING  
PILOT PROGRAM  
(OPTIONAL)  
(Continued)

Uniform Residential Thermostat Air Conditioner  
Cycling Service Agreement

ACCOUNT NO. \_\_\_\_\_

THIS AGREEMENT Made this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_,  
between \_\_\_\_\_ hereinafter called Customer, who  
resides at \_\_\_\_\_, Idaho, hereinafter called Residence, and  
IDAHO POWER COMPANY, a corporation with its principal office located at 1221 West Idaho Street,  
Boise, Idaho, hereinafter called Company:

**NOW, THEREFORE, The Parties agree as follows:**

1. With prior reasonable notice from the Company, the Customer shall permit the Company or its representative to enter the Residence to remove the Customer's existing thermostat and replace that thermostat by installing an intelligent programmable thermostat selected by the Company (Programmable Thermostat), and, at the Company's sole discretion, to install either a mass memory meter or an end use meter (Meter).

2. During the Term of this Agreement and with prior reasonable notice, the Customer agrees to permit the Company or its representative reasonable access to the Residence and the Programmable Thermostat for reasons including, but not limited to, collecting data recorded by the Programmable Thermostat or the Meter and checking the working condition of the Programmable Thermostat.

3. The Customer understands and acknowledges that by participating in the Program, the Company shall, at its sole discretion, have the ability to override the Customer's settings on the Programmable Thermostat and instruct the Programmable Thermostat to interrupt service and begin cycling the Customer's central air conditioner compressor (the "Cycling Event").

4. For the Customer's satisfactory participation in the Program, the Company agrees to pay the Customer \$10.00 per month for each of the three months of the Air Conditioning Season for a total payment of \$30.00 (the "Incentive"). The Incentive will be paid in the form of a credit of \$10.00 on each of the Customer's July, August and September Idaho Power bills.

~~Schedule 81~~  
~~Residential Air Conditioner~~  
~~Cycling~~  
**Pilot Program**  
**(Optional)**  
(Continued)

Uniform Residential Thermostat Air Conditioner  
Cycling Service Agreement  
(Continued)

5. ~~If the Customer terminates this Agreement prior to the Customer satisfactorily participating in the Program for a minimum of one complete Air Conditioning Season, the Customer agrees to either (1) return the intelligent programmable thermostat to the Company in working order within ten days from the time the Company receives written notice of the Customer's termination of the Agreement or (2) pay the Company the sum of \$100.00, which sum will be included on the Customer's Idaho Power Bill.~~
6. ~~The Company's Schedule 81, any revisions to that schedule, and/or any successor schedule, is to be considered part of this Agreement.~~
7. ~~This Agreement and the rates, terms and conditions of service set forth or incorporated herein and the respective rights and obligations of the Parties hereunder shall be subject to valid laws and to the regulatory authority and orders, rules and regulations of the Idaho Public Utilities Commission and such other administrative bodies having jurisdiction.~~
8. ~~Nothing herein shall be construed as limiting the Idaho Public Utilities Commission from changing any terms, rates, charges, classification of service or any rules, regulations or conditions relating to service under this Agreement, or construed as affecting the right of the Company or the Customer to unilaterally make application to the Commission for any such change.~~
9. ~~In any action at law or equity under this Agreement and upon which judgment is rendered, the prevailing Party, as part of such judgment, shall be entitled to recover all costs, including reasonable attorneys fees, incurred on account of such action.~~

(APPROPRIATE SIGNATURES)

~~Schedule 81~~  
~~Residential Air Conditioner~~  
~~Cycling~~  
**Pilot Program**  
**(Optional)**  
**(Continued)**

Uniform Residential Switch Air Conditioner  
Cycling Service Agreement

ACCOUNT NO. \_\_\_\_\_

THIS AGREEMENT Made this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_,  
between \_\_\_\_\_ hereinafter called Customer, who  
resides at \_\_\_\_\_, Idaho, hereinafter called Premises, and  
IDAHO POWER COMPANY, a corporation with its principal office located at 1221 West Idaho Street,  
Boise, Idaho, hereinafter called Company:

~~\_\_\_\_\_~~ **NOW, THEREFORE, The Parties agree as follows:**

1. ~~With prior reasonable notice from the Company, the Customer shall permit the Company or its representative to install a direct load control switch (Switch) on the Customer's air conditioning unit located at the Customer's Premises and, at the Company's sole discretion, to install either a mass memory meter or an end use meter (Meter) on the Customer's premises.~~

2. ~~During the Term of this Agreement and with prior reasonable notice, the Customer agrees to permit the Company or its representative reasonable access to the Switch and any Meter.~~

3. ~~The Customer understands and acknowledges that by participating in the Program, the Company shall, at its sole discretion, have the ability to interrupt service and begin cycling the Customer's central air conditioner compressor (the Cycling Event).~~

4. ~~For the Customer's satisfactory participation in the Program, the Company agrees to pay the Customer \$10.00 per month for each of the three months of the Air Conditioning Season for a total payment of \$30.00 (the Incentive). The Incentive will be paid in the form of a credit of \$10.00 on each of the Customer's July, August and September Idaho Power bills.~~

5. ~~If the Customer terminates this Agreement prior to the Customer satisfactorily participating in the Program for a minimum of one complete Air Conditioning Season, the Customer agrees to allow the Company access to the Customer's Premises to remove the Switch and any Meter.~~

6. ~~The Company's Schedule 81, any revisions to that schedule, and/or any successor schedule, is to be considered part of this Agreement.~~

Schedule 81  
Residential Air Conditioner  
Cycling  
**Pilot Program**  
**(Optional)**  
(Continued)

Uniform Residential Switch Air Conditioner  
Cycling Service Agreement  
(Continued)

7. ~~This Agreement and the rates, terms and conditions of service set forth or incorporated herein and the respective rights and obligations of the Parties hereunder shall be subject to valid laws and to the regulatory authority and orders, rules and regulations of the Idaho Public Utilities Commission and such other administrative bodies having jurisdiction.~~

8. ~~Nothing herein shall be construed as limiting the Idaho Public Utilities Commission from changing any terms, rates, charges, classification of service or any rules, regulations or conditions relating to service under this Agreement, or construed as affecting the right of the Company or the Customer to unilaterally make application to the Commission for any such change.~~

9. ~~In any action at law or equity under this Agreement and upon which judgment is rendered, the prevailing Party, as part of such judgment, shall be entitled to recover all costs, including reasonable attorneys fees, incurred on account of such action.~~

~~(APPROPRIATE SIGNATURES)~~